

Kotak Mahindra Bank

Estimate change

TP change

Rating change


Bloomberg	KMB IN
Equity Shares (m)	1980
M.Cap.(INRb)/(USDb)	3849.4 / 47
52-Week Range (INR)	1997 / 1630
1, 6, 12 Rel. Per (%)	8/1/5
12M Avg Val (INR M)	5710

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	215.5	257.4	290.3
OP	148.5	178.8	201.6
NP	109.4	127.4	140.8
Cons. NP	149.2	172.8	196.2
NIM (%)	5.1	5.2	5.0
EPS (INR)	55.1	64.1	70.9
EPS Gr. (%)	27.5	16.4	10.6
ABV. (INR)	396	456	521
Cons. BV. (INR)	563	649	746

Ratios

Cons. RoE (%)	13.3	13.4	13.2
RoE (%)	14.1	14.3	13.8
RoA (%)	2.4	2.4	2.3

Valuations

P/BV (X) (Cons.)	3.4	3.0	2.6
P/ABV (X) (Adj.)	3.6	3.1	2.7
P/E(X) (Adj.)	25.7	22.0	19.9

*Adjusted for Investment subs

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	26.0	26.0	26.0
DII	23.0	21.8	16.6
FII	37.8	39.3	40.9
Others	13.3	13.0	16.6

FII Includes depository receipts

CMP: INR1,938
TP: INR2,050 (+6%)
Neutral
Business growth moderates; margin improves further to 5.75%
Asset quality remains healthy | Raising earnings estimates

- Kotak Mahindra Bank (KMB) reported strong earnings growth in 4QFY23. Standalone PAT rose 26% YoY to INR35b (16% beat), driven by lower opex and controlled provisions as PPOp was up 39% YoY. Consolidated PAT grew 17% YoY to INR45.7b during the quarter.
- Loan growth moderated sequentially to ~3%, while margin expanded further by 28bp QoQ to 5.75%. CASA ratio moderated 50bp QoQ to 52.8%.
- Gross slippages increased slightly to INR8.2b, of which INR2.2b were upgraded in 4QFY23. Healthy recoveries and upgrades led to a 12bp/6bp QoQ decline in the GNPA/NNPA ratios. KMB reversed INR130m of Covid-related provisions; outstanding Covid-related provisions now stand at INR3.87b (12bp of loans). **Reiterate Neutral with a TP of INR2,050 (based on 3.0x Sep'24E BV and INR524 for its subsidiaries).**

Unsecured loan mix rises to 10%; NIM improves 28bp QoQ

- KMB reported a standalone PAT of INR35b (+26% YoY; 16% beat), aided by lower opex and controlled provisions as the bank reversed Covid-related provisions of INR130m. Consolidated PAT stood at INR45.7b (up 17% YoY).
- NII grew 35% YoY (in line), driven by a loan growth of 3% QoQ and margin expansion of 28bp QoQ to 5.75%. Other income grew 28% YoY, aided by core fee income that rose by a healthy 22% YoY.
- Opex growth was lower supported by lower employee cost even as the bank continued to invest in building a digitally savvy franchise. PPOp grew 39% YoY, while core PPOp was up 37% YoY in 4QFY23. For FY23, NII/PPOp/PAT grew 28%/23%/28% YoY to INR215b/INR148b/INR109b.
- Loan book rose 2.9% QoQ (+18% YoY), led by healthy traction across segments barring corporate. KMB reported healthy sequential trends in Home loans, Personal loans, Business loans, Consumer Durable loans, Credit Cards and MFI. Deposits jumped 16% YoY (+5% QoQ), while the CASA mix moderated 50bp QoQ to 52.8%. CASA and TDs (below INR50m) fell to 83% in 4QFY23. The mix of unsecured loans increased to 10% and management suggested raising this further to the mid-teens level by the end of FY24.
- Gross slippages increased slightly to INR8.2b, of which INR2.2b were upgraded in 4QFY23. The GNPA/NNPA ratios improved 12bp/6bp QoQ to 1.8%/0.37%, aided by higher recoveries and upgrades. PCR improved to 79.3%. KMB carries outstanding Covid-related provisions of INR3.87b.
- SMA-2 advances increased to INR2.04b (v/s INR1.91b in 3QFY23). The outstanding restructured portfolio stood at INR7.2b (0.22% of advances), with the bank holding an additional provision of INR1.81b.
- Subsidiaries' performance:** Kotak Prime and Kotak Securities reported a net earnings decline of 28% YoY each. Kotak Capital posted an earnings growth of 14% while Kotak Investments recorded flat trends. Kotak Life reported an earnings decline of 23% YoY to INR2.1b.

Highlights from the management commentary

- The bank aspires to grow ~1.5-2.0x of the nominal GDP on a sustainable basis.
- The trajectory of interest rate curve depends on monsoon. If monsoon is good, management expects rates to moderate from 2HFY24.
- KMB is planning to add ~150 branches in FY24 v/s 100 branches in FY23.
- Given the current situation, the bank expects margins to be ~5%+ for FY24.

Valuation and view

KMB delivered a healthy quarter, with modest loan growth, strong NII, and controlled provisions. NIM expanded further, and the outlook remains buoyant, given the improving asset mix and a higher mix of floating loans. Asset quality remained robust, with a further decline in GNPA/NNPA, while the restructured book remained under control at ~0.22% of loans. KMB carries additional Covid-related provisions of ~INR3.9b (12bp of loans). We raise our earnings estimates by 7%/3% for FY24/25 and expect KMB to deliver an RoA/RoE of 2.3%/13.8% in FY25. **Reiterate Neutral with a TP of INR2,050 (based on 3.0x Sep'24E BV and INR524 for its subsidiaries).**

Quarterly performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23	FY23E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Our Est.
Net Interest Income	39.4	40.2	43.3	45.2	47.0	51.0	56.5	61.0	168.2	215.5	60.2	1%
% Change (Y-o-Y)	5.8	3.2	11.8	17.7	19.2	26.8	30.4	35.0	9.6	28.1	33.1	
Other Income	13.5	18.1	13.6	17.0	12.4	19.5	19.5	21.9	63.5	70.8	22.0	-1%
Total Income	52.9	58.3	57.0	62.3	59.4	70.5	76.0	82.9	231.7	286.3	82.2	1%
Operating Expenses	24.0	27.1	30.0	28.9	31.6	34.9	37.5	36.4	111.2	137.9	39.8	-8%
Operating Profit	28.9	31.2	27.0	33.4	27.8	35.7	38.5	46.5	120.5	148.5	42.4	10%
% Change (Y-o-Y)	10.1	-4.4	-7.1	12.7	-3.7	14.3	42.5	39.1	2.5	23.2	26.9	
Other Provisions	7.0	4.2	-1.3	-3.1	0.2	1.4	1.5	1.5	6.9	4.6	2.6	-43%
Profit before Tax	21.9	27.0	28.3	36.5	27.6	34.3	37.0	45.0	113.6	143.9	39.8	13%
Tax Provisions	5.4	6.6	7.0	8.8	6.9	8.5	9.1	10.0	27.9	34.5	9.6	4%
Net Profit	16.4	20.3	21.3	27.7	20.7	25.8	27.9	35.0	85.7	109.4	30.1	16%
% Change (Y-o-Y)	31.9	-7.0	15.0	64.5	26.1	27.0	31.0	26.3	23.1	27.6	8.9	
Deposits (INRb)	2,866	2,917	3,053	3,117	3,165	3,252	3,447	3,631	3,117	3,631	3,569	2%
Loans (INRb)	2,174	2,349	2,529	2,713	2,802	2,940	3,107	3,199	2,713	3,199	3,269	-2%
Deposit growth (%)	9.6	11.5	15.1	11.3	10.4	11.5	12.9	16.5	11.3	16.5	14.5	199
Loan growth (%)	6.6	14.7	18.1	21.3	28.8	25.1	22.9	17.9	21.3	17.9	20.5	-258
Asset Quality												
Gross NPA (%)	3.6	3.2	2.7	2.3	2.2	2.1	1.9	1.8	2.3	1.8	1.8	1
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.4	0.4	0.6	0.4	0.4	-3
PCR (%)	64.8	67.5	71.3	73.2	72.6	73.7	77.6	79.3	73.2	79.3	77.6	170

E: MOFSL estimates

Consolidated earnings snapshot (INR m)

Y/E March	FY21				FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Kotak Bank	12,440	21,840	18,540	16,820	16,420	20,320	21,310	27,670	20,710	25,810	27,920	34,960
Kotak Prime	680	1,330	1,490	1,840	790	2,400	2,540	3,130	1,570	2,220	2,250	2,240
Kotak Securities	1,690	1,990	1,840	2,410	2,360	2,430	2,700	2,520	2,190	2,240	2,410	1,820
KMCC	60	140	380	250	420	580	1,030	420	510	220	280	480
Kotak Life	1,610	1,710	1,670	1,930	(2,430)	1,550	2,470	2,670	2,480	2,700	3,300	2,050
AMC & Trustee	710	840	910	1,000	1,070	970	1,490	1,020	1,060	1,060	1,500	1,920
Intl. subs	540	450	50	500	300	270	410	200	140	50	220	360
KIL	430	740	680	730	710	890	1,110	1,010	630	780	860	1,000
Others	350	280	170	210	230	130	310	230	440	640	920	490
Kotak Consol	18,510	29,320	25,730	25,690	19,870	29,540	33,370	38,870	29,730	35,720	39,660	45,320
Minority/associate adj.	20	150	290	200	(1,810)	350	660	40	(2,180)	370	290	340
Kotak Cons. PAT	18,530	29,470	26,020	25,890	18,060	29,890	34,030	38,910	27,550	36,090	39,950	45,660
Mix of bank in PAT	67%	74%	71%	65%	91%	68%	63%	71%	75%	72%	70%	77%



Highlights from the management commentary

Balance sheet and P&L

- The bank aspires to grow ~1.5-2.0x of the nominal GDP on a sustainable basis
- The trajectory of interest rate curve depends on monsoon. If monsoon is good, management expects rates to moderate from 2HFY24
- Given the current situation, the bank expects margins to be ~5%+ for FY24
- KMB is planning to add ~150 branches in FY24 v/s 100 branches added in FY23
- Sustainability and Resilient are the key mantra for the bank with focus on building a strong bank over the long term
- Investments in building digital capabilities is likely to continue with focus on providing a superior customer experience
- Employee expenses moderated due to drop in pension annuity rates which resulted in lower retiral provisions
- Similarly, non-employee expenses were also down due to higher commercial spends in 3QFY23 vs 4QFY23
- The bank received a favorable income tax order, which resulted in reversal of provisions of INR1b in 4QFY23
- **Wholesale business:** Due to asset sell down in the DCM book and exit from low yielding short term assets, the growth has moderated
- Spread compression continues to remain due to competitive pricing
- SME and NBFC segments continue to grow in high teens while Large and Mid-corporates and CRE are seeing growth challenges
- Asset quality in both SME and NBFC continues to improve with improving collections
- The growth in CRE business was suppressed due to focus on additional collections on project finance segment which resulted in accelerated prepayment
- ECLG book continue to see a stable performance. A strong recovery of INR3b in an old SME account further suppressed the credit cost
- CV business is showing improving traction and higher disbursements across most segments. KMB has gained market share in this segment
- Demand in tractor finance has improved with CE at Pre-Covid level. KMB has increased its market share to 11% and will continue to focus on gaining further in this segment

- Collection efficiency across product segments have now reverted to Pre-Covid levels
- SA balance saw a moderation as customers shifted towards Debt MF and Insurance to take benefits before the budgetary changes kick in
- Granular retail SA balance with deposits of less than INR1m continues to grow at a healthy pace of 10% YoY and 3% QoQ
- RWA stands at 76% of total assets
- Macroeconomic fundamentals are healthy and the overall economy remains resilient
- Risks to banking system remains due to external challenges while domestic situation is much better
- The focus remains on risk-adjusted underwriting and returns that has enabled a sharp reduction in credit cost and superior asset quality
- The bank remains focused on building a resilient and strong performance over the long term

Others

- The focus remains on growing the alternate assets which has grown to INR460b vs INR200b in FY22
- Profitability on Kotak Prime was down due to change in policy where KMB up fronted the brokerage cost which impacted the PAT by INR1.63b for FY23. Further, FY22 saw Covid provisions reversals which were negligible in FY23
- Kotak Prime has witnessed a good year with demand up 25% YoY despite a weak 1Q. Mar'23 has seen a healthy demand while Apr is seeing flat trends. The business is expected to grow marginally in FY24
- Kotak Life: EV grew 17% YoY while VNB grew 53%. VNB margins came in at 38.8%
- The bank will be open for an acquisition if it adds customers and value to the franchise and its customers.

Loan book up ~3% QoQ and 18% YoY, healthy traction across segments

- The loan book grew ~3% QoQ and 18% YoY, led by healthy traction across most segments barring corporate. Corporate book declined 3% QoQ while SME book grew 4% QoQ. CV and CE book grew 8% QoQ and 24% YoY.
- Within Retail, Home loans and LAP grew 4% QoQ and 22% YoY while the Credit Card book rose 10% QoQ and 81% YoY. Personal Loans, Small Business, and Consumer Durables grew 8% QoQ and 56% YoY. The Agri book rose 7% QoQ and 22% YoY to INR477b.
- Personal Loans, Credit Cards, and Small Business loans accounted for 17.6% of overall loans v/s 15.5% in 4QFY22. Home loans made up 29% of total book.

The CASA ratio moderates to 52.8%

- SA deposits declined 2% YoY but up 2% QoQ to ~INR1.2t. CA deposits grew 8.3% YoY (+10.1% QoQ) to INR700b. SA deposits, as a proportion of overall deposits, moderated to 33.5% v/s 34.8% in 3QFY23.
- The average fixed SA balance declined 4% YoY to INR110k. The weighted average SA rate stood at 3.76% in FY23 v/s 3.61% in FY22.
- TD grew 40% YoY and 6% QoQ to INR1.7t.
- CASA and Retail TDs accounted for 82% of total deposits v/s 83% in 3QFY23.

Corporate and Business
Banking constituted ~28%
of the overall book

Average fixed SA/CA
balance up -1%/15% YoY

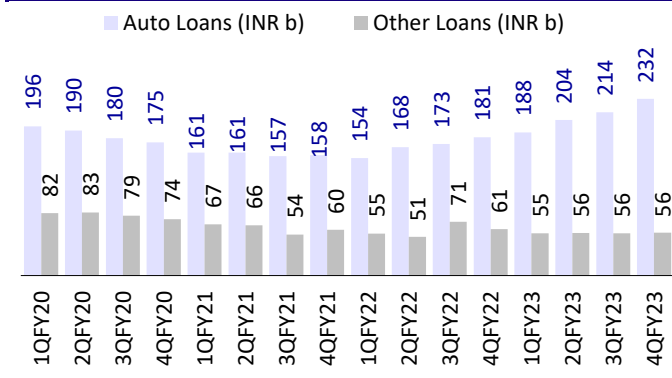
Asset quality improves; PCR healthy at 79.3%; SMA-2 book at 6bp

- Absolute GNPA/NNPA ratios declined 4%/11% QoQ to INR57.7b/INR11.9b. Fresh slippages increased slightly to INR8.2b (INR2.2b upgraded in 4QFY23). Recoveries and upgrades were healthy at INR7.9b. As a result, the GNPA/NNPA ratios moderated 12bp/6bp QoQ to 1.78%/0.37%. PCR improved to 79.3%.
- The bank reversed INR130m of Covid-related provisions in 4QFY23 and carries total provisions of ~INR3.9b (12bp of loans). Total provisions, including specific, standard, UFCE and Covid-related, stood at INR65.1b during the quarter.
- SMA 2 outstanding increased to INR2.04b, corresponding to 6bp on advances. Total restructuring stood at INR7.2b (0.22% of loans) v/s INR7.7b (0.25% of loans) in 3QFY23.

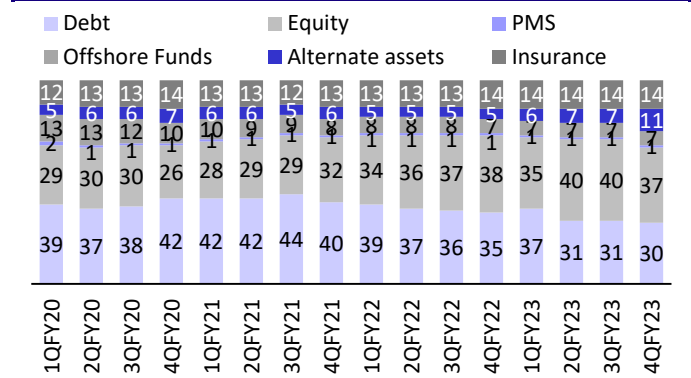
Mixed performance across all subsidiaries

Equity AUM comprises
54.3% of overall AUM v/s
55.1% in 3QFY23

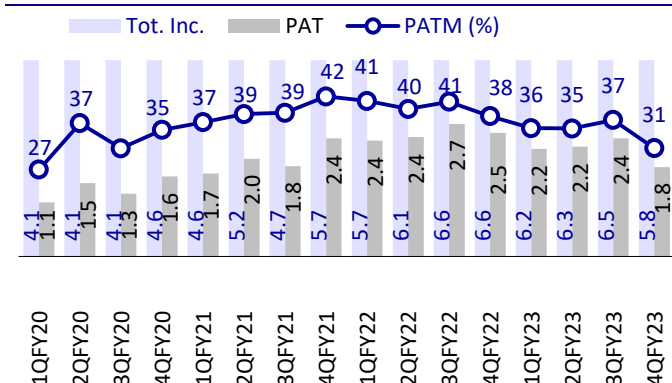
- PAT for the Securities business declined 28% YoY to INR1.8b (down 24%QoQ).
- Market share of Kotak Securities improved sharply to ~6.4%.
- Kotak Prime reported a PAT of INR2.24b (-28% YoY, flat QoQ). NNPA moderated to 0.9% v/s 1.1% in 3QFY23. Loans grew 19% YoY and 7% QoQ.
- PAT in the Asset Management business stood at INR1.9b (+28% QoQ), while average AUM rose 1% QoQ (2% YoY), led by a moderation in equity AUM (up 10% YoY and flat QoQ), constituting 54.3% of total AUM.
- Profitability in the Life Insurance business remained modest as Kotak Life reported a PAT of INR2.1b (-23% YoY). Premium income grew 16% YoY (+71% QoQ), while the solvency ratio stood at 283%.

Exhibit 1: Kotak Prime | Auto loans up 8% QoQ and 28% YoY

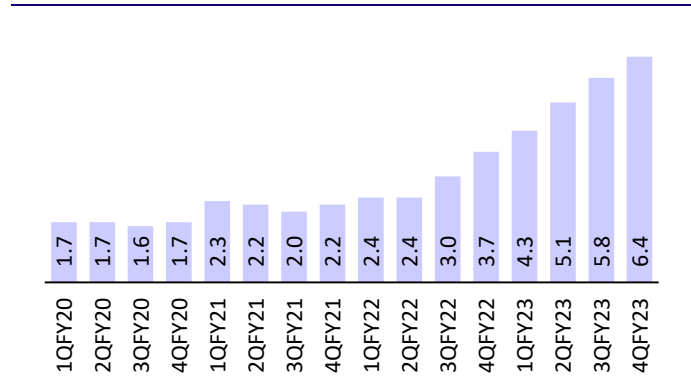
Source: MOFSL, Company

Exhibit 2: Domestic AUM flat YoY

Source: MOFSL, Company

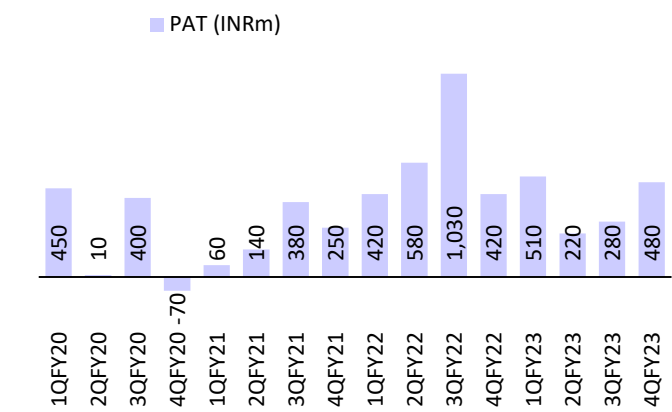
Exhibit 3: Kotak Securities' PAT falls 28% YoY to INR1.8b

Source: MOFSL, Company

Exhibit 4: Market share for Kotak Securities expands to 6.4%

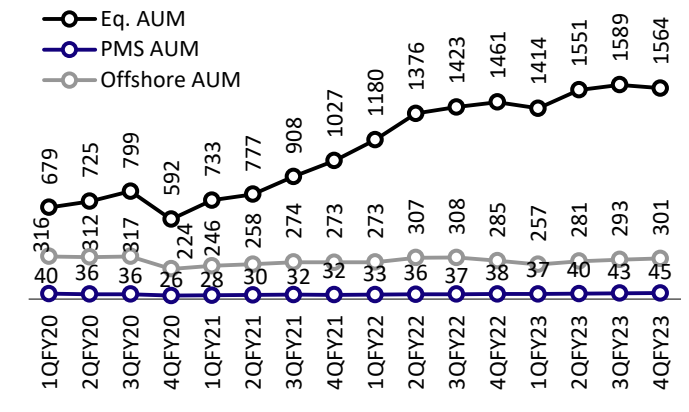
Source: MOFSL, Company

Exhibit 5: PAT stands at INR480m in Investment Banking



Source: MOFSL, Company

Exhibit 6: AUM mix for Kotak AMC (INR b)



Source: MOFSL, Company

Valuation and view

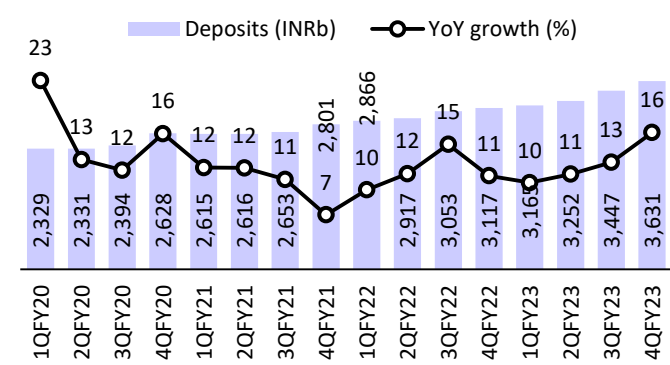
- Loan growth has picked up sharply over the past few quarters, led by healthy traction across segments. Home loans, Credit cards, and Personal loans saw robust traction, while the CV, CE, and Agri businesses recorded a strong sequential growth. A strong liability franchise will improve the bank's competitive positioning and aid asset growth, as management plans to focus on maintaining strong traction. We expect KMB to post 17% CAGR in loan book over FY23-25.
- The bank continues to strengthen its liability franchise with a robust CASA ratio (52.8% – the highest among its peers). This has enabled KMB to reduce its CoF and achieve a competitive position (lower cost of deposits v/s large banks). This is likely to support margin over the medium term.
- On the asset quality front, the GNPA/NNPA ratios moderated to 1.8%/0.37% from 1.9%/0.43% as of Dec'22. The restructured book moderated further to 22bp of total loans. We expect asset quality ratio to remain broadly stable and we estimate credit costs at 25-32bp over FY23-25.
- The bank has healthy capitalization levels with Tier I of 20.6%, which is likely to provide growth opportunities and help manage stress. The capital-light nature of KMB's Capital Market and Asset Management businesses can provide a further boost to the bank's RoE as these businesses scale up further.
- **Retain Neutral with a TP of INR2,050:** KMB delivered a healthy quarter, with modest loan growth, strong NII, and controlled provisions. NIM expanded further, and the outlook remains buoyant, given the improving asset mix and a higher mix of floating loans. Asset quality remained robust, with a further decline in GNPA/NNPA, while the restructured book remained under control at ~0.22% of loans. KMB carries additional Covid-related provisions of ~INR3.9b (12bp of loans). We raise our earnings estimates by 7%/3% for FY24/25 and expect KMB to deliver an RoA/RoE of 2.3%/13.8% in FY25. **Reiterate Neutral with a TP of INR2,050 (based on 3.0x Sep'24E BV and INR524 for its subsidiaries).**

Exhibit 7: Sep'24E SoTP-based pricing

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	3,438	42.5	1,731	84	
Kotak Mahindra Bank	3,030	37.4	1,525	74	❖ 3.0x Sep'24E Network
Kotak Prime (Car and other loans)	302	3.7	152	7	❖ 3.0x Sep'24E Network
Kotak Investment Company (LAS)	106	1.3	53	3	❖ 3.0x Sep'24E Network
Asset Management Business	250	3.1	126	6	❖ 5% of Sep'24E AUMs
Domestic Mutual Fund	200	2.5	101	5	
Alternative Assets	30	0.4	15	1	
Offshore Funds	20	0.2	10	0	
Capital Markets related Business	242	3.0	122	6	
Kotak Securities	202	2.5	102	5	❖ 18x Sep'24E PAT
Kotak Investment Banking (KMCC)	40	0.5	20	1	❖ 3.0x Sep'24E Network
Kotak Life Insurance	402	5.0	203	10	❖ 2.5x Sep'24E EV
Subs value @ 20% discount	1,042	12.9	524	26	
Target Value (Post 20% holding discount)	4,071	50.3	2,050	100	
- contribution of subs/associates to total PT			26%		

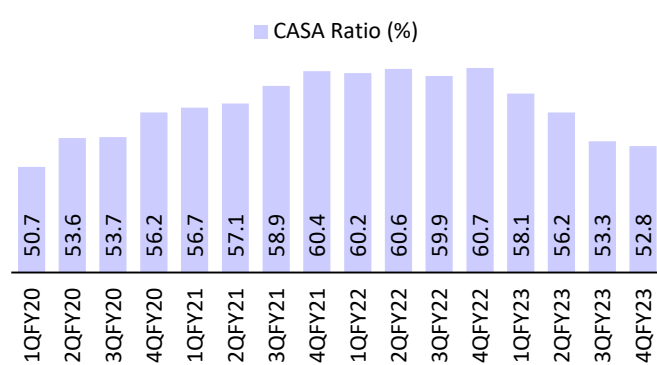
Story in charts

Exhibit 8: Deposits up 16% YoY and 5% QoQ to INR3.4t



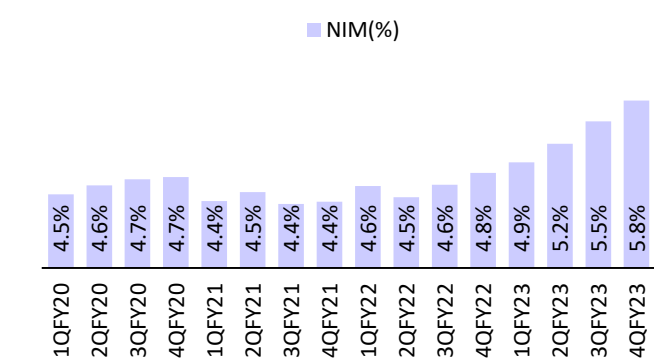
Source: MOFSL, Company

Exhibit 9: CASA ratio moderates 50bp QoQ to 52.8%



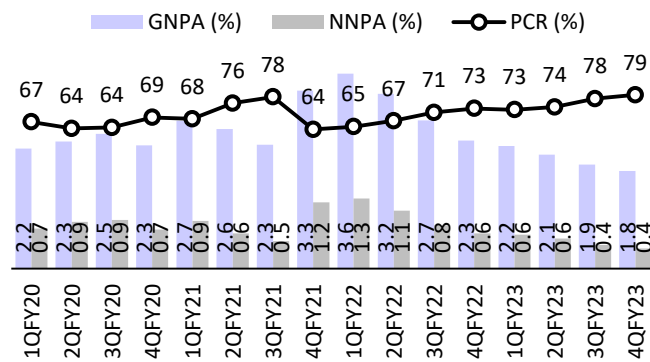
Source: MOFSL, Company

Exhibit 10: Margin expands 28bp QoQ to 5.75%



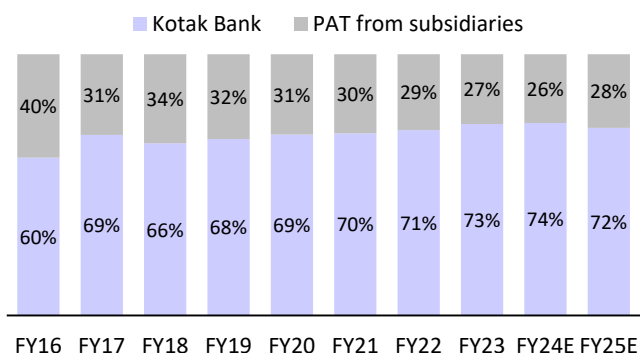
Source: MOFSL, Company

Exhibit 11: GNPA/NNPA moderate 12bp/6bp QoQ to 1.8%/0.37%; PCR improves to ~79%



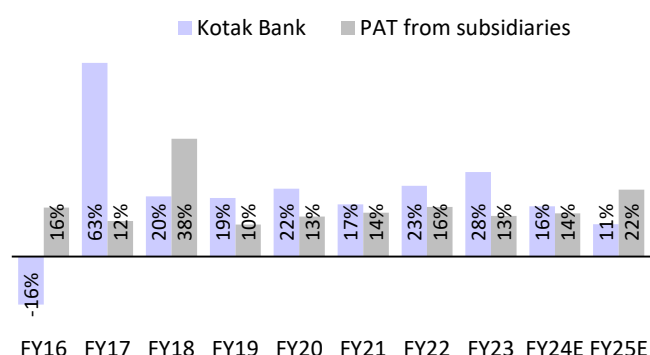
Source: MOFSL, Company

Exhibit 12: Trend in PAT composition



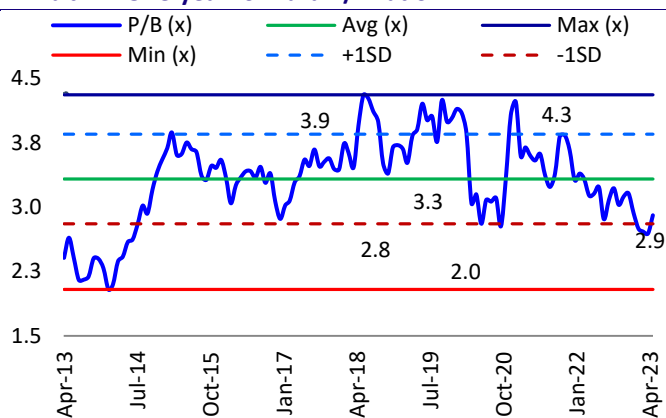
Source: MOFSL, Company

Exhibit 13: Growth in standalone PAT v/s that of subsidiaries



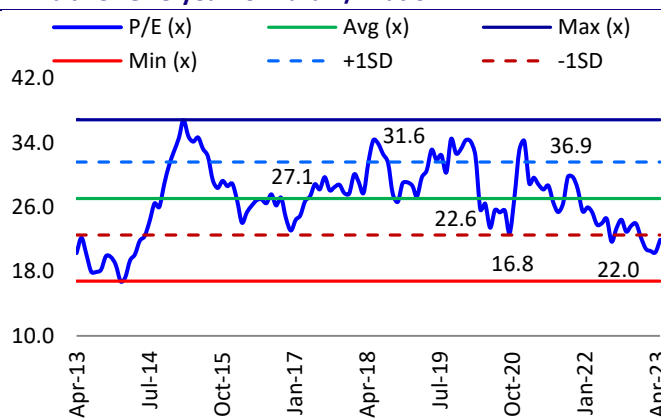
Source: MOFSL, Company

Exhibit 14: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 15: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 16: DuPont Analysis – Expect KMB to report an FY25 RoA/RoE of 2.3%/13.8%

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	8.24	8.28	8.01	7.22	6.65	7.45	8.33	8.17
Interest Expense	4.26	4.40	3.99	3.09	2.51	2.76	3.47	3.45
Net Interest Income	3.98	3.88	4.02	4.13	4.14	4.69	4.86	4.72
Fee income	1.60	1.59	1.45	1.39	1.79	1.62	1.67	1.71
Trading and others	0.09	0.02	0.14	-0.05	-0.23	-0.08	-0.09	-0.10
Non-Interest income	1.69	1.61	1.60	1.35	1.56	1.54	1.58	1.60
Total Income	5.67	5.50	5.61	5.47	5.70	6.23	6.44	6.32
Operating Expenses	2.68	2.60	2.63	2.31	2.74	3.00	3.06	3.05
Employee cost	1.23	1.10	1.16	1.01	1.14	1.20	1.21	1.20
Others	1.45	1.50	1.47	1.30	1.60	1.80	1.85	1.85
Operating Profits	2.99	2.89	2.98	3.16	2.96	3.23	3.38	3.28
Core operating Profits	2.90	2.87	2.84	3.21	3.19	3.31	3.47	3.38
Provisions	0.39	0.33	0.66	0.66	0.17	0.10	0.19	0.24
NPA	0.26	0.29	0.42	0.49	0.27	0.10	0.16	0.21
Others	0.13	0.04	0.24	0.17	-0.10	0.00	0.02	0.03
PBT	2.59	2.56	2.32	2.50	2.80	3.13	3.19	3.04
Tax	0.89	0.87	0.55	0.63	0.69	0.75	0.79	0.75
RoA	1.70	1.69	1.77	1.87	2.11	2.38	2.41	2.29
Leverage (x)	7.4	7.2	7.3	6.6	6.0	5.9	5.9	6.0
RoE	12.5	12.2	13.1	12.5	12.7	14.1	14.3	13.8

Financials and valuations

Income Statement							(INRb)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	197.5	238.9	269.3	268.4	270.4	342.5	441.0	502.2
Interest Expense	102.2	126.8	134.3	115.0	102.2	127.0	183.6	211.9
Net Interest Income	95.3	112.1	135.0	153.4	168.2	215.5	257.4	290.3
Growth (%)	17.3	17.6	20.5	13.6	9.6	28.1	19.4	12.8
Non-Interest Income	40.5	46.6	53.7	50.1	63.5	70.8	83.6	98.6
Total Income	135.8	158.6	188.7	203.5	231.7	286.3	341.0	388.9
Growth (%)	17.1	16.8	19.0	7.8	13.9	23.6	19.1	14.0
Operating Expenses	64.3	75.1	88.5	85.8	111.2	137.9	162.1	187.3
Pre Provision Profits	71.6	83.5	100.2	117.6	120.5	148.5	178.8	201.6
Growth (%)	19.6	16.6	20.0	17.4	2.5	23.2	20.5	12.7
Core Operating Profits	69.5	82.8	95.4	119.4	129.9	152.2	183.7	207.9
Growth (%)	25.3	19.2	15.2	25.2	8.7	17.2	20.7	13.2
Provisions (exc. tax)	9.4	9.6	22.2	24.6	6.9	4.6	9.9	14.9
PBT	62.2	73.9	78.0	93.0	113.6	143.9	168.9	186.7
Tax	21.3	25.2	18.6	23.4	27.9	34.5	41.5	45.9
Tax Rate (%)	34.3	34.1	23.8	25.1	24.5	24.0	24.6	24.6
PAT	40.8	48.7	59.5	69.6	85.7	109.4	127.4	140.8
Growth (%)	19.7	19.1	22.2	17.1	23.1	27.6	16.4	10.6
Consolidated PAT	62.0	72.0	85.9	99.9	120.9	149.2	172.8	196.2
Growth (%)	25.5	16.2	19.3	16.3	21.0	23.5	15.8	13.5

Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	9.5	9.5	9.6	9.9	9.9	9.9	9.9	9.9
Preference Share Capital	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Reserves & Surplus	365.3	414.5	475.6	622.4	710.0	820.3	944.6	1,082.0
Net Worth	374.8	429.0	490.2	637.3	724.9	835.2	959.6	1,096.9
<i>Of which Equity Networth</i>	<i>374.8</i>	<i>424.0</i>	<i>485.2</i>	<i>632.3</i>	<i>719.9</i>	<i>830.2</i>	<i>954.6</i>	<i>1,091.9</i>
Deposits	1,926.4	2,258.8	2,628.2	2,801.0	3,116.8	3,631.0	4,226.4	4,944.9
Growth (%)	22.4	17.3	16.4	6.6	11.3	16.5	16.4	17.0
of which CASA Deposits	977.7	1,185.9	1,476.2	1,693.1	1,891.3	1,918.2	2,248.5	2,640.6
Growth (%)	41.2	21.3	24.5	14.7	11.7	1.4	17.2	17.4
Borrowings	251.5	322.5	379.9	236.5	259.7	234.2	280.1	323.2
Other Liabilities & Prov.	96.5	111.4	104.2	159.9	192.9	198.3	220.1	246.5
Total Liabilities	2,649.3	3,121.7	3,602.5	3,834.7	4,294.3	4,898.6	5,686.3	6,611.5
Current Assets	196.2	246.8	532.9	396.3	429.2	325.4	347.0	384.6
Investments	645.6	711.9	750.5	1,051.0	1,005.8	1,214.0	1,401.0	1,630.8
Growth (%)	43.2	10.3	5.4	40.0	-4.3	20.7	15.4	16.4
Loans	1,697.2	2,056.9	2,197.5	2,236.7	2,712.5	3,198.6	3,758.4	4,397.3
Growth (%)	24.7	21.2	6.8	1.8	21.3	17.9	17.5	17.0
Fixed Assets	15.3	16.5	16.2	15.4	16.4	19.2	20.5	22.0
Other Assets	95.1	89.6	105.4	135.4	130.3	141.3	159.3	176.9
Total Assets	2,649.3	3,121.7	3,602.5	3,834.7	4,294.3	4,898.6	5,686.3	6,611.5

Asset Quality								
Y/E MARCH	FY18	FY19	FY20	FY20	FY22	FY23	FY24E	FY25E
GNPA	38.3	44.7	50.3	74.3	64.7	57.7	58.5	65.3
NNPA	16.7	15.4	15.6	27.1	17.4	11.9	10.9	11.8
GNPA Ratio (%)	2.23	2.14	2.25	3.25	2.34	1.78	1.54	1.47
NNPA Ratio (%)	0.98	0.75	0.71	1.21	0.64	0.37	0.29	0.27
Slippage Ratio (%)	1.00	0.89	1.38	2.19	1.55	1.20	1.10	1.10
Credit Cost (%)	0.41	0.45	0.66	0.82	0.45	0.15	0.25	0.32
PCR (Exc. Tech. write off) (%)	56.5	65.4	69.0	63.6	73.2	79.3	81.4	81.9

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY20	FY22	FY23	FY24E	FY24E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	9.0	8.9	8.6	7.7	7.2	8.0	8.9	8.6
Avg. Yield on loans	9.6	9.8	9.9	8.4	7.8	9.1	9.9	9.6
Avg. Yield on Investments	7.5	7.6	7.6	7.9	6.8	6.1	7.1	7.1
Avg. Cost-Int. Bear. Liab.	5.2	5.3	4.8	3.8	3.2	3.5	4.4	4.3
Avg. Cost of Deposits	5.1	5.3	4.9	3.7	3.1	3.9	4.4	4.3
Interest Spread	4.5	4.5	4.9	4.7	4.7	5.2	5.5	5.3
Net Interest Margin	4.3	4.2	4.3	4.4	4.5	5.1	5.2	5.0

Capitalisation Ratios (%)

CAR	18.4	17.9	19.8	23.5	23.7	21.8	21.0	20.2
Tier I	17.8	17.4	19.2	22.6	22.8	20.6	20.1	19.3
Tier II	0.6	0.5	0.6	0.9	0.9	1.2	0.9	0.8

Asset-Liability Profile (%)

Loans/Deposit Ratio	88.1	91.1	83.6	79.9	87.0	88.1	88.9	88.9
CASA Ratio	50.8	52.5	56.2	60.4	60.7	52.8	53.2	53.4
Cost/Assets	2.4	2.4	2.5	2.2	2.6	2.8	2.9	2.8
Cost/Total Income	47.3	47.4	46.9	42.2	48.0	48.1	47.5	48.2
Cost/Core Income	48.1	47.6	48.1	41.8	46.1	47.5	46.9	47.4
Int. Expense/Int. Income	51.7	53.1	49.9	42.8	37.8	37.1	41.6	42.2
Fee Income/Total Income	28.3	28.9	25.9	25.5	31.5	26.0	25.9	27.0
Non Int. Inc./Total Income	29.8	29.4	28.5	24.6	27.4	24.7	24.5	25.4
Emp. Cost/Total Expenses	45.9	42.4	44.2	43.9	41.5	40.0	39.5	39.3
Investment/Deposit Ratio	33.5	31.5	28.6	37.5	32.3	33.4	33.1	33.0

Profitability Ratios and Valuation

RoE (%)	12.5	12.2	13.1	12.5	12.7	14.1	14.3	13.8
RoA (%)	1.7	1.7	1.8	1.9	2.1	2.4	2.4	2.3
Consolidated ROE (%)	12.3	12.4	12.8	11.8	12.5	13.3	13.4	13.2
Consolidated ROA (%)	2.0	2.0	2.1	2.2	2.4	2.6	2.7	2.6
RoRWA (%)	1.5	1.6	1.9	2.0	2.2	2.4	2.3	2.2
Standalone BV (INR)	197	222	254	319	363	418	481	550
Growth (%)	31.1	12.9	14.2	25.8	13.7	15.2	15.0	14.4
Price-BV (x)	7.2	6.4	5.6	4.4	3.9	3.4	2.9	2.6
Consolidated BV (INR)	265	303	348	426	487	563	649	746
Growth (%)	26.7	14.3	15.1	22.2	14.5	15.6	15.2	15.0
Price-Consol BV (x)	7.3	6.4	5.6	4.6	4.0	3.4	3.0	2.6
Standalone Adjusted BV (INR)	178	203	234	296	342	396	456	521
Growth (%)	28.0	14.4	15.3	26.4	15.3	15.8	15.2	14.3
Price-ABV (x)	8.0	7.0	6.0	4.8	4.1	3.6	3.1	2.7
Consolidated Adjusted BV (INR)	254	291	337	410	474	552	637	734
Growth (%)	28.3	14.9	15.7	21.7	15.6	16.3	15.5	15.1
Price-Consol ABV (x)	7.6	6.7	5.7	4.7	4.1	3.5	3.0	2.6
Standalone EPS (INR)	21.8	25.5	31.1	35.8	43.2	55.1	64.1	70.9
Growth (%)	17.4	17.0	22.0	14.9	20.9	27.5	16.4	10.6
Price-Earnings (x)	64.8	55.4	45.4	39.5	32.7	25.7	22.0	19.9
Consolidated EPS (INR)	32.5	37.7	44.9	50.4	60.9	75.1	87.0	98.8
Change (%)	21.3	16.0	19.0	12.2	20.8	23.3	15.8	13.5
Price-Consolidated Earnings (x)	59.5	51.3	43.1	38.4	31.8	25.8	22.3	19.6

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.